ORANGE COUNTY ECONOMIC FORECAST

Orange County has a population of 3.2 million people, making it the third largest county in California, behind Los Angeles and San Diego counties.

The Orange County economy is creating jobs at a rapid pace. In 2017, employment levels across Southern California increased by 1.7 percent, while Orange County recorded a growth rate of 2.0 percent. Job growth was strongest in professional services, healthcare, leisure services, and construction.

Orange County has reached a "full employment" scenario, meaning that almost everyone who wants a job already has a job. The unemployment rate has improved to 3.5 percent, which is near its lowest sustainable level.

Because of the tight labor market, local businesses have had to hire workers from nearby counties. There are now more than 200,000 workers that commute from L.A. County, almost 90,000 that commute from Riverside County, and more than 40,000 that commute from San Bernardino County.
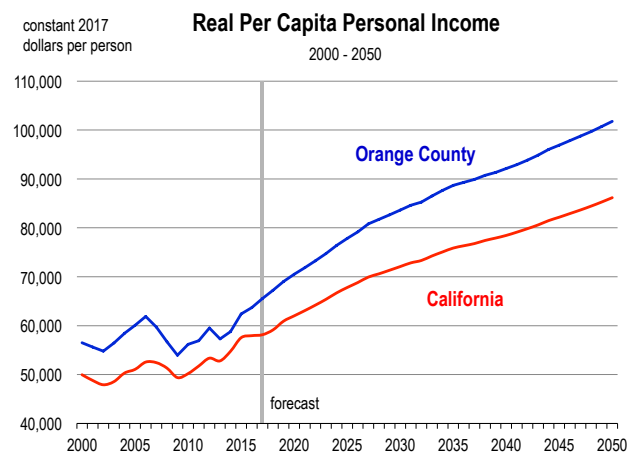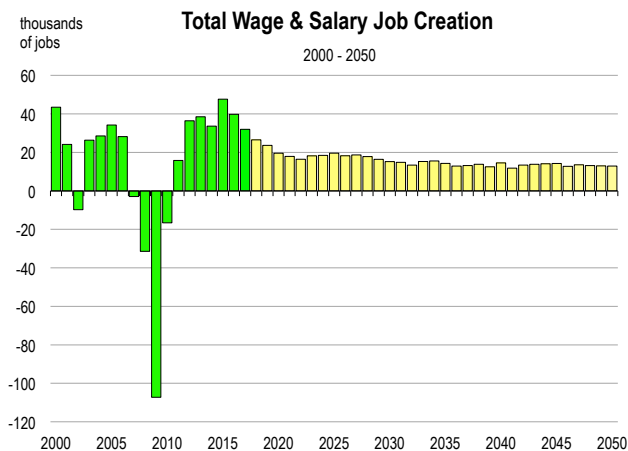
Orange County home prices have surpassed their bubble-era peak, and housing affordability is becoming a major problem. Construction activity has accelerated, but is not keeping pace with population growth, and local households frequently spend more than 45 percent of their income on mortgage patents and rent.

Between 2012 and 2017, an average of 11,300 homes were built each year, and most were apartments. Over the forecast period, the regions with the highest potential for housing development will be Irvine, Anaheim, Lake Forrest, and Newport Beach. But we are near the peak of the building cycle and countywide development activity is expected to decelerate.

Between 2012 and 2017, the Orange County population grew at an annual average rate of 0.7 percent, which is similar to the statewide average. The natural increase (new births) was responsible for most of this growth, as high home prices began to deter people from moving to the county.

FORECAST HIGHLIGHTS

- In 2018, total wage and salary employment will increase by 1.6 percent. Between 2018 and 2023, employment growth is expected to average 1.1 percent per year.

- The largest job gains will be observed in education and healthcare, professional business services, and leisure services. Together, these sectors will account for 70 percent of net job creation between 2018 and 2023.

- Because we are near the peak of the building cycle, job losses may be observed in the construction industry.

Total Wage & Salary Job Creation
2000 - 2050

thousands of jobs

Real Per Capita Personal Income
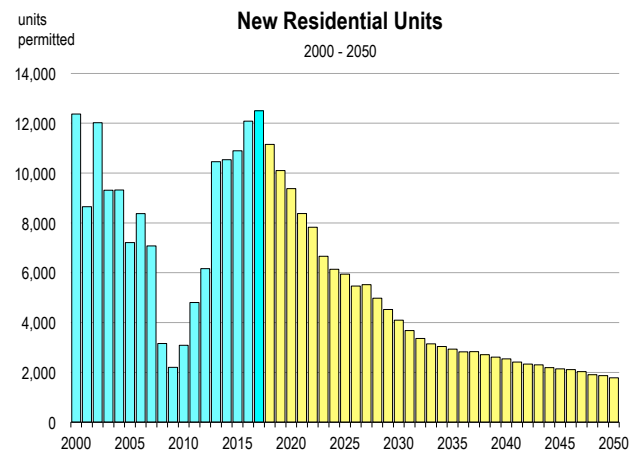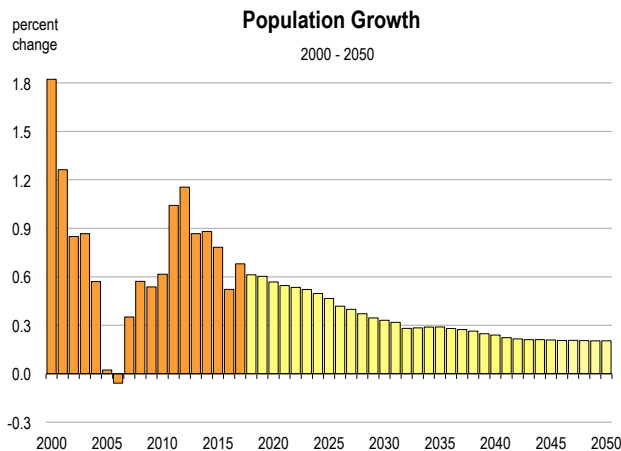2000 - 2050

constant 2017 dollars per person

- Average salaries are slightly below the California State average. Over the 2018-2023 period, average salaries in Orange County will increase by 1.8 percent per year, which will be similar to statewide growth.

- Personal income per capita, adjusted for inflation, is expected to increase by an average of 2.1 percent per year.

- Between 2018 and 2023, an average of 8,500 housing permits will be issued each year. Slightly more than half will be for apartments.

- Net migration will be low, and is expected to turn negative before the end of the forecast period. The natural increase will add 19,000 people to the county each year, accounting for virtually all population growth. Between 2018 and 2023, population growth will average 0.6 percent per year.

Orange County Economic Forecast
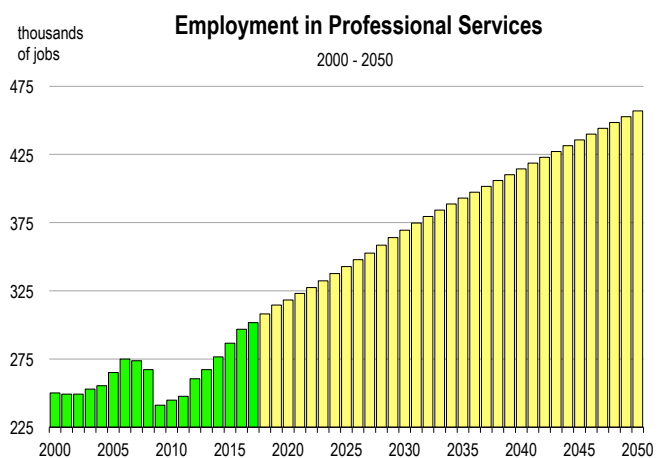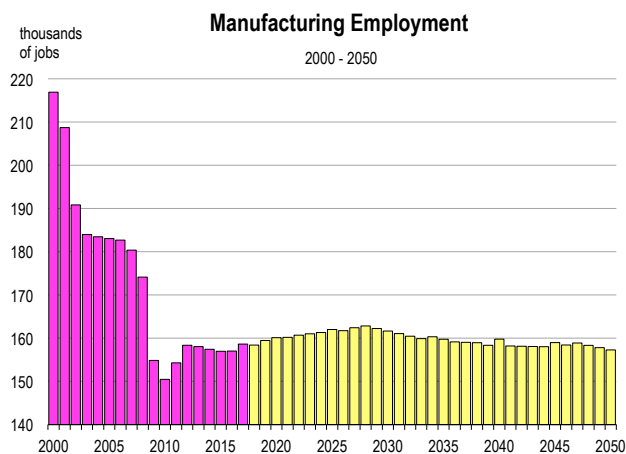## 2010-2017 History, 2018-2050 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemployment Rate (percent)
2010	3,017,299	-4,134	2.52	990.1	3,091	$47.7	$149.5	$56,193	1.2	170.6	34.3	9.7
2011	3,048,756	10,859	2.52	994.1	4,807	$51.7	$157.0	$56,899	2.7	161.2	34.3	9.0
2012	3,083,962	15,165	2.54	998.2	6,163	$55.2	$169.6	$59,534	2.0	147.6	36.4	7.9
2013	3,110,678	7,880	2.62	1,004.4	10,453	$57.6	$166.4	$57,284	1.1	146.8	37.4	6.6
2014	3,138,057	7,908	2.72	1,011.8	10,533	$60.1	$174.6	$58,798	1.3	139.8	38.2	5.5
2015	3,162,622	4,956	2.78	1,018.9	10,897	$61.4	$188.5	$62,414	0.9	131.4	38.8	4.4
2016	3,179,122	-3,150	2.90	1,021.4	12,083	$62.5	$196.9	$63,671	1.9	118.0	39.1	4.0
2017	3,200,748	1,637	3.02	1,027.9	12,500	$65.8	$209.8	$65,561	2.8	117.1	40.5	3.5
2018	3,220,353	80	3.12	1,039.3	11,150	$67.9	$222.4	$67,220	2.7	114.4	41.6	3.1
2019	3,239,760	22	3.20	1,049.5	10,100	$70.3	$234.9	$69,042	2.2	111.7	41.8	3.0
2020	3,258,154	-753	3.26	1,058.7	9,375	$73.8	$249.0	$70,506	3.2	109.2	42.5	3.1
2021	3,275,939	-1,159	3.30	1,067.2	8,375	$77.0	$261.9	$71,868	2.6	106.7	43.5	3.3
2022	3,293,445	-1,244	3.34	1,074.8	7,825	$80.4	$275.1	$73,226	2.6	104.8	44.6	3.4
2023	3,310,619	-1,335	3.36	1,082.0	6,660	$83.5	$289.3	$74,737	2.5	102.7	45.7	3.5
2024	3,327,055	-1,801	3.38	1,088.0	6,138	$86.9	$304.0	$76,383	2.3	100.2	46.9	3.6
2025	3,342,554	-2,385	3.39	1,093.6	5,943	$90.7	$317.9	$77,820	2.2	98.0	48.0	3.6
2026	3,356,524	-3,539	3.39	1,099.0	5,465	$94.2	$331.8	$79,191	2.1	95.9	48.9	3.7
2027	3,369,905	-3,666	3.40	1,104.0	5,520	$98.0	$346.7	$80,790	2.0	93.7	50.0	3.7
2028	3,382,412	-4,081	3.40	1,109.0	4,977	$101.5	$360.2	$81,713	2.3	91.3	51.2	3.7
2029	3,394,094	-4,478	3.39	1,113.6	4,524	$105.1	$373.6	$82,680	2.1	88.9	52.1	3.7
2030	3,405,322	-4,491	3.39	1,117.7	4,095	$109.0	$386.9	$83,642	2.0	86.6	53.0	3.7
2031	3,416,152	-4,498	3.39	1,121.4	3,678	$113.5	$400.3	$84,625	1.9	84.4	54.0	3.7
2032	3,425,744	-5,394	3.38	1,124.8	3,361	$118.2	$413.2	$85,273	2.1	82.4	54.9	3.7
2033	3,435,466	-4,891	3.38	1,127.8	3,145	$123.1	$427.8	$86,531	1.7	80.6	55.9	3.7
2034	3,445,392	-4,178	3.37	1,130.7	3,038	$127.9	$443.1	$87,654	1.9	79.0	57.2	3.7
2035	3,455,361	-3,599	3.37	1,133.5	2,933	$132.7	$458.8	$88,689	2.0	77.7	58.2	3.7
2036	3,465,035	-3,343	3.36	1,136.1	2,824	$137.3	$474.5	$89,295	2.4	76.7	59.3	3.7
2037	3,474,505	-2,948	3.36	1,138.7	2,832	$141.9	$491.1	$89,884	2.5	76.2	60.5	3.7
2038	3,483,666	-2,676	3.36	1,141.3	2,710	$146.5	$508.6	$90,726	2.3	76.0	61.7	3.7
2039	3,492,289	-2,650	3.36	1,143.8	2,612	$151.1	$526.4	$91,350	2.5	77.0	62.8	3.7
2040	3,500,648	-2,390	3.36	1,146.2	2,542	$155.6	$545.0	$92,112	2.4	78.2	64.6	3.7
2041	3,508,463	-2,464	3.37	1,148.5	2,414	$160.2	$563.3	$92,910	2.2	79.4	65.4	3.7
2042	3,516,027	-2,279	3.37	1,150.7	2,333	$164.7	$582.5	$93,854	2.1	80.7	66.7	3.7
2043	3,523,439	-2,045	3.38	1,152.8	2,302	$169.3	$602.0	$94,850	2.0	82.0	68.1	3.7
2044	3,530,876	-1,669	3.38	1,154.9	2,190	$173.9	$621.8	$96,000	1.8	83.9	69.5	3.7
2045	3,538,251	-1,383	3.39	1,156.9	2,141	$178.3	$641.9	$96,915	2.0	86.2	71.3	3.7
2046	3,545,524	-1,185	3.39	1,158.8	2,111	$183.0	$661.8	$97,809	1.9	91.0	72.6	3.7
2047	3,552,853	-900	3.39	1,160.8	2,030	$187.7	$682.5	$98,737	1.9	96.6	74.3	3.7
2048	3,560,137	-718	3.39	1,162.6	1,906	$192.6	$704.0	$99,696	1.9	101.4	75.7	3.7
2049	3,567,384	-538	3.39	1,164.3	1,869	$197.6	$726.5	$100,712	1.9	108.1	77.1	3.7
2050	3,574,653	-304	3.39	1,166.0	1,782	$202.7	$750.0	$101,782	1.9	115.6	78.5	3.7

percent change

Population Growth

2000 - 2050

units permitted

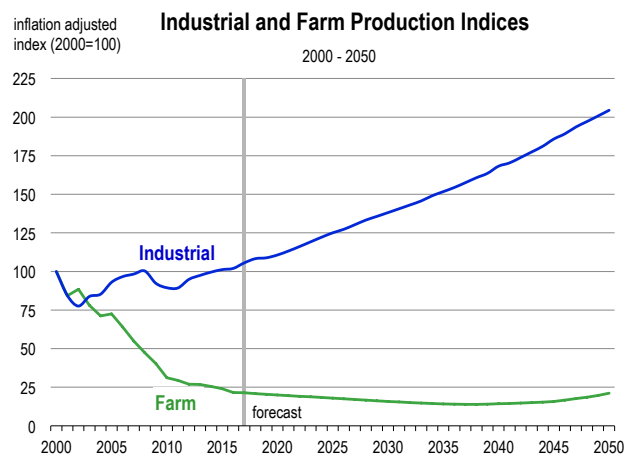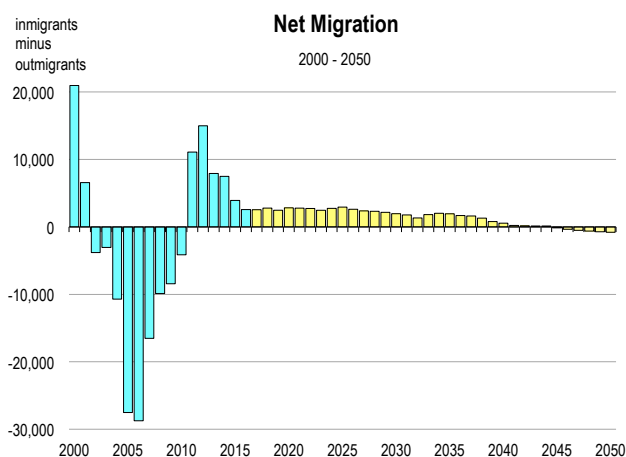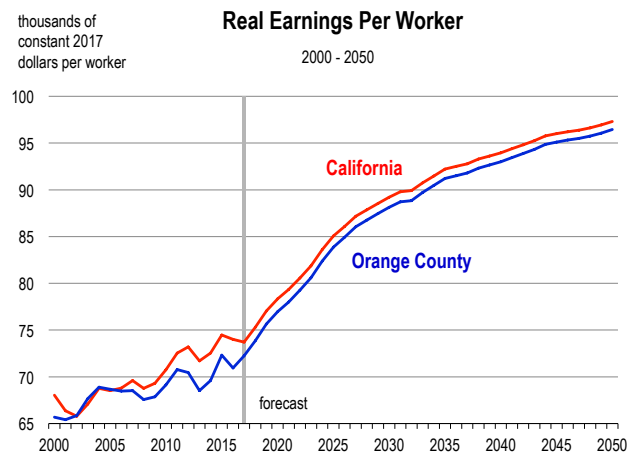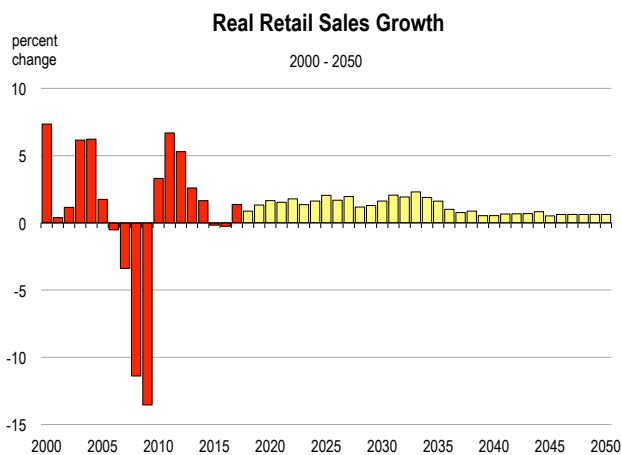**New Residential Units**

2000 - 2050

Orange County Employment Forecast
2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
						employment (thousands of jobs)						
2010	1,374.9	3.73	68.9	150.5	26.7	219.1	103.5	244.9	24.8	169.1	168.6	152.3
2011	1,390.7	3.22	70.3	154.3	27.5	219.9	104.8	247.7	23.8	172.0	174.0	149.3
2012	1,427.1	2.80	72.9	158.3	28.0	221.2	108.3	260.6	24.3	177.0	180.6	147.9
2013	1,465.7	2.91	78.4	158.0	27.5	224.9	113.1	267.3	25.0	186.0	187.8	148.7
2014	1,499.3	2.75	83.1	157.4	26.5	229.3	113.6	276.6	24.5	190.8	194.5	152.2
2015	1,546.9	2.44	91.7	157.0	26.9	232.2	116.1	286.6	25.5	198.8	203.8	156.4
2016	1,586.8	2.44	97.4	157.0	27.2	233.2	117.6	296.9	26.4	206.0	212.0	159.6
2017	1,618.8	2.20	101.7	158.6	27.6	235.4	119.0	301.7	27.3	215.7	218.2	160.5
2018	1,645.3	2.16	104.1	158.4	28.0	237.4	121.4	308.1	28.2	223.1	221.8	161.8
2019	1,669.0	2.13	105.5	159.5	28.3	239.3	122.3	314.6	28.9	230.2	223.7	163.5
2020	1,688.6	2.10	105.3	160.1	28.8	240.8	124.4	318.3	29.3	236.5	226.2	165.1
2021	1,706.5	2.08	103.9	160.2	29.2	242.3	125.5	323.1	29.7	242.9	229.1	166.6
2022	1,722.9	2.05	101.9	160.7	29.6	243.7	127.4	327.4	30.0	249.1	231.9	166.8
2023	1,741.2	2.03	100.9	161.0	29.9	244.9	129.4	332.3	30.3	255.4	235.0	167.1
2024	1,759.6	2.01	99.4	161.3	30.3	246.1	131.5	337.7	30.7	261.8	238.4	167.4
2025	1,779.2	1.98	98.8	162.0	30.6	247.5	133.6	342.8	31.1	268.0	241.3	168.1
2026	1,797.5	1.96	98.5	161.7	30.9	249.0	135.4	347.8	31.6	274.2	243.9	168.8
2027	1,816.2	1.94	97.1	162.4	31.2	250.7	137.4	352.7	31.8	280.6	246.9	169.5
2028	1,834.0	1.92	96.0	162.8	31.5	251.8	139.4	358.5	32.1	286.9	248.9	170.0
2029	1,850.5	1.90	95.0	162.2	31.7	253.0	141.2	364.0	32.4	293.3	250.6	170.6
2030	1,865.7	1.88	93.3	161.7	31.9	254.3	142.5	369.4	32.7	299.6	252.2	171.3
2031	1,880.5	1.86	91.7	161.1	32.2	255.7	143.3	374.7	33.0	305.9	253.9	172.0
2032	1,893.9	1.85	90.1	160.5	32.3	257.1	144.1	379.5	33.3	312.2	255.0	172.5
2033	1,909.2	1.83	88.6	159.9	32.5	258.5	145.3	384.2	33.6	318.5	257.1	173.3
2034	1,924.8	1.81	87.2	160.3	32.7	259.8	146.4	388.7	33.9	324.7	258.9	174.0
2035	1,939.1	1.80	85.9	159.8	32.8	260.9	147.9	393.0	34.1	331.0	260.6	174.7
2036	1,952.0	1.78	84.5	159.1	33.0	261.8	149.2	397.3	34.4	337.2	261.6	175.0
2037	1,965.2	1.77	83.1	159.0	33.1	262.7	150.6	401.6	34.7	343.5	262.6	175.3
2038	1,979.0	1.76	81.7	159.0	33.2	263.5	151.9	405.9	35.0	349.7	263.9	175.7
2039	1,991.5	1.76	80.3	158.4	33.3	264.3	153.3	410.1	35.3	356.0	264.9	176.0
2040	2,006.1	1.76	78.9	159.8	33.4	265.0	154.4	414.4	35.5	362.2	266.1	176.3
2041	2,017.9	1.76	77.4	158.2	33.5	265.8	155.6	418.7	35.8	368.4	267.3	176.8
2042	2,031.4	1.76	75.9	158.1	33.6	266.6	156.6	422.9	36.1	374.5	268.8	177.3
2043	2,045.2	1.77	74.4	158.1	33.7	267.4	158.0	427.2	36.4	380.7	270.3	177.9
2044	2,059.3	1.78	72.9	158.0	33.8	268.2	159.2	431.4	36.6	386.8	272.0	178.7
2045	2,073.6	1.79	71.3	159.0	33.8	269.0	160.3	435.7	36.9	393.0	273.4	179.3
2046	2,086.3	1.81	69.7	158.4	33.9	269.8	161.3	439.9	37.2	399.1	274.7	180.0
2047	2,099.9	1.83	68.0	158.9	34.0	270.5	162.2	444.2	37.4	405.2	276.1	180.7
2048	2,113.1	1.86	66.4	158.3	34.1	271.3	163.6	448.4	37.7	411.2	277.4	181.4
2049	2,126.1	1.90	64.7	157.8	34.1	272.1	164.9	452.7	37.9	417.3	278.9	182.1
2050	2,139.0	1.94	63.0	157.3	34.2	272.8	165.9	456.9	38.2	423.3	280.4	182.8

Manufacturing Employment

2000 - 2050

thousands of jobs

Employment in Professional Services

2000 - 2050

thousands of jobs

Real Retail Sales Growth

percent change

2000 - 2050

Real Earnings Per Worker

thousands of constant 2017 dollars per worker

2000 - 2050

California

Orange County

forecast

Net Migration

inmigrants minus outmigrants

2000 - 2050

Industrial and Farm Production Indices

inflation adjusted index (2000=100)

2000 - 2050

Industrial

Farm

forecast

County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	7.9%
Expected job growth:	5.8%
Fastest growing jobs sector:	Health and Education
Expected personal income growth:	14.3%

Expected population growth:	2.8%
Net migration to account for:	0%
Expected growth in number of vehicles:	7.8%

Demographics (2018)

Unemployment rate (April 2018):	2.6%
County rank* in California (58 counties):	6th
Working age (16-64) population:	66.1%

Population with B.A. or higher:	38.4%
Median home selling price (2017):	$685,000
Median household income:	$84,383

Quality of Life

Violent crime rate (2016):	227 per 100,000 persons
County rank * in California (58 counties):	7th
Average commute time to work (2018):	30 minutes

High school drop out rate (2017):	5.8%
Households at/below poverty line (2018):	8.9%

* The county ranked 1st corresponds to the lowest rate in California